AFCEA

Panel 21: Exploring Managerial Implications of Current DoD Contracting Trends

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Deputy Assistant Secretary of the Army
(Procurement)

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Report Documentation Page

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DASA(P) Responsibilities

HON Heidi Shyu
ASA(ALT), AAE, & SPE

Contracting Enterprise Oversight, Policy & Compliance

Deputy Assistant Secretary of the Army (Procurement)

Contract Execution & Accountability

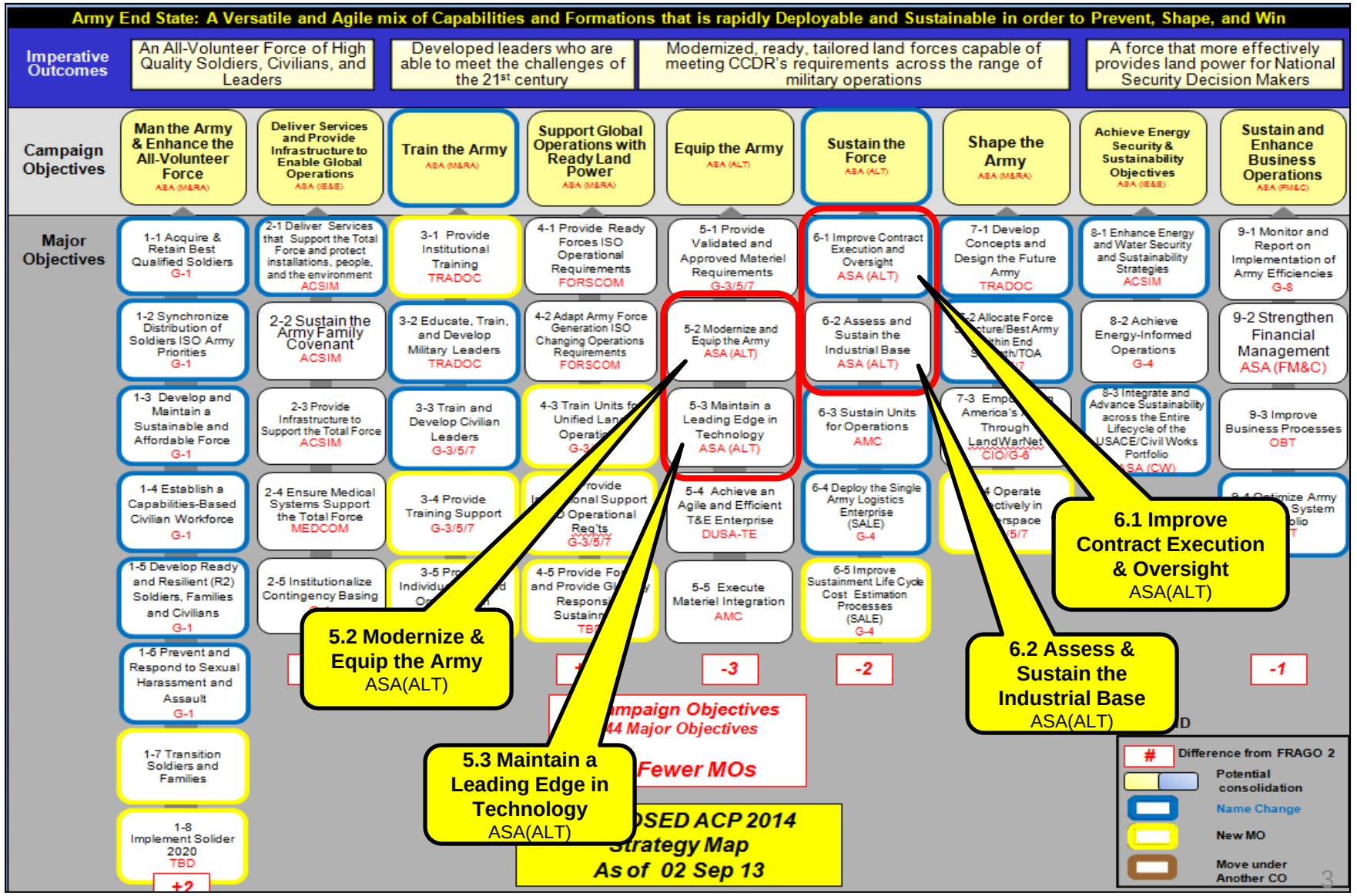
- **Provide policy, program management, oversight, and evaluation of all Army procurement and contracting missions**
- **Provide oversight and policy for Army Services Acquisitions**
- **Interface with OSD/AT&L/DPAP on all procurement policies and procedures**
- **Ensure compliance with statute and regulations (U.S. Code, FAR, DFARS, AFARS, and Army Regulations)**
- **Serve as the DoD Executive Agent for contracting in Afghanistan, Kuwait, & Qatar**
- **Serve as the proponent for Army contracting regulations**
- **Serve as the Army Contracting Competition Advocate**
- **Serve on the AbilityOne Commission**

7 Heads of Contracting Activity (HCAs) across the 7 Army buying commands

20 Principal Assistants Responsible for Contracting (PARCs) across the 7 Army buying commands

Oversight
Direct Authority
Indirect Authority

Army Campaign Plan Strategy Map



DASA(P) Strategy Map

Hot Topics

Trends

- ***Smaller Army***
  - ***Average 20% reduction in contract dollars in last 3 consecutive years—trend continuing***
- ***Oversight & Quality Products***
  - *Peer Reviews*
  - *Contract Administration*
- ***"Back to Basics" for Workforce***
  - ***Over 4 % attrition rate***
  - ***Continuous training***

Projections

- **FY14 Dollars: approximately $65B**
- **FY14 Actions: approximately 280K**

Priorities

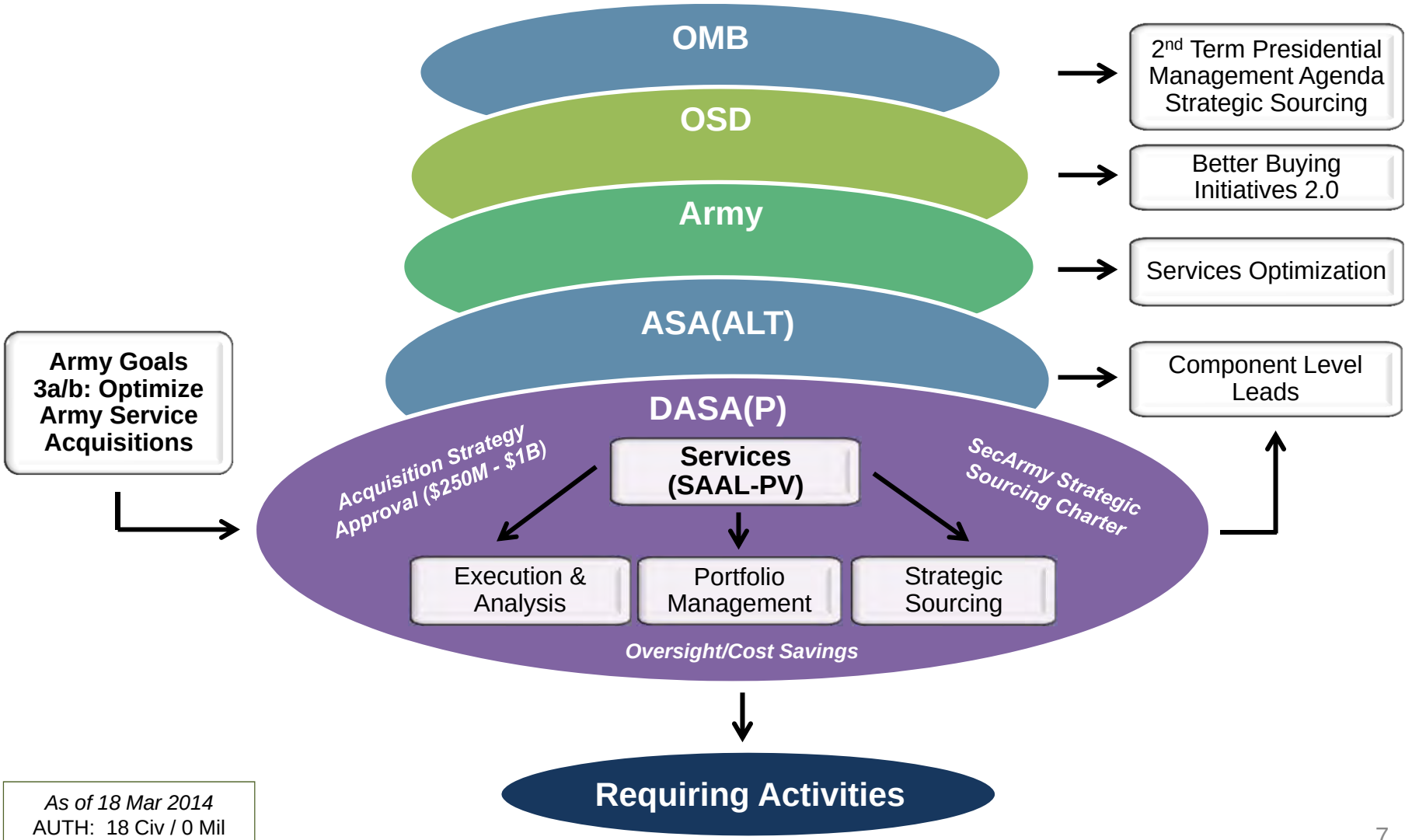
- ***Better Buying Power 2.0***
  - ***Strategic Sourcing***
- ***Using Appropriate Evaluation Approach***
- ***Using Appropriate Contract Type***
- **FY14 Goals**
- **1-N List**
- **Army Contract Writing System**

Initiatives

- **AFARS Rewrite**
- **Enterprise Optimization**
  - Army Contracting Study Recommendations
- **Accountability**
  - Procurement Management Reviews (PMRs)
  - Contracting Enterprise Reviews (CERs)
- ***Continued Focus on Efficiencies***

Comments

Senior Services Manager Portfolio



As of 18 Mar 2014
AUTH: 18 Civ / 0 Mil
On Hand: 10 Civ / 0 Mil

Senior Services Manager Alignment with Strategic Priorities

GOALS

Goal 1
Stakeholder Relations
Develop partnerships and relationships with stakeholders in order to anticipate their requirements.

Goal 2
Workforce
Attract, train, develop, motivate, equip, empower, and retain a highly-skilled professional workforce.

Goal 3a
Products & Services
Optimize Army services acquisition.

Goal 3b
Products & Services
Develop real-time acquisition solutions that meet or exceed field requirements.

Goal 4
Transparency
Establish a stable foundation of processes, procedures & infrastructure that improves productivity & morale and fosters transparency & communication.

- OMB - Strategic Sourcing Leadership Council
- OSD - Functional Domain Experts
- OSD - Senior Services Managers Roundtable
- OSD - Strategic Sourcing Directors Board
- HQDA (ASA(MR&A) & FMC
- Army Component Level Leads
- Army - Command Service Executives
- Army Federal Acquisition Regulation Supplement (AFARS) Committee (input)
- Army/OSD Small Business
- Army Portfolio Coordinators/Managers

- Better Buying Power
- Portfolio Governance
- Forecasting & Reporting
- Strategic Sourcing
- Management Controls & Visibility
- Better Buying Power

- AR 70-13/FAR/AFARS Part 37
- Policy Alerts and Taskers
- Army Regulation 70-13

Services Acquisition Governance

COMMAND SERVICES EXECUTIVES

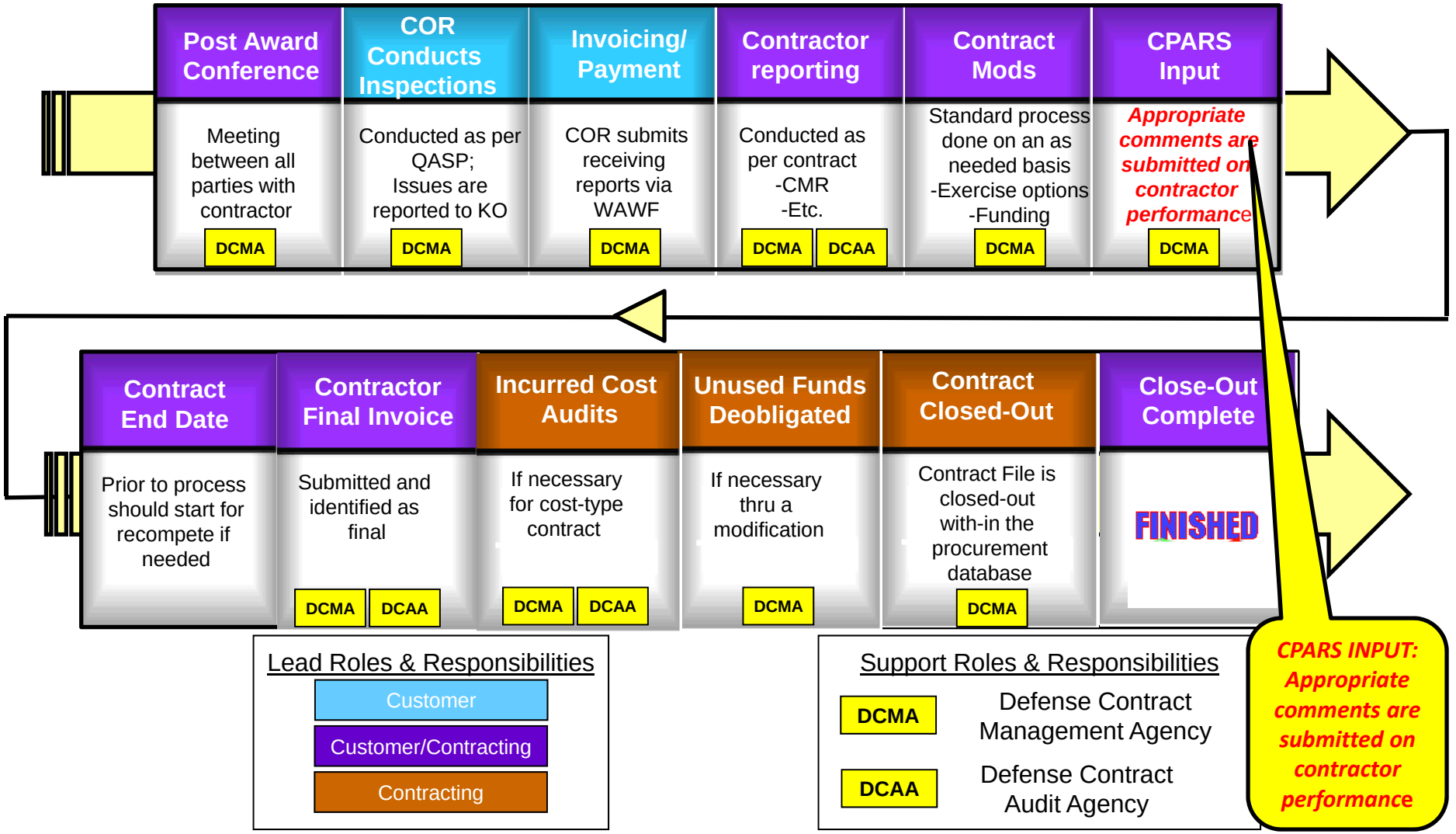
ASA(ALT) DASA(P) Senior Services Manager Portfolio Coordinators	AMC Mr. John Nerger Exec Deputy to CG	MEDCOM Mr. Lamont Kapec Dpty CofS, Procurement	ARCYBER Mr. Dan Bradford Dep to Cdr, Sr Tech Dir	IMCOM Mr. Joe Capps Executive Director	USACE Mr. Lloyd Caldwell Chief Program Integration	TRADOC Mr. Matthew Scully Dep CofS, G-8	HQDA Staffs, ASA(ALT), ACOMS, ASCCs, DRUs

10 Portfolio Managers / Portfolio Coordinators - Army-wide view

- Knowledge Based Services - Bill Mercer (Acting) @ ASA(ALT) / Bill Mercer
- Equipment Related - Gloria Harper @ TACOM / Bill Mercer
- Transportation - Don Morrow @ SDDC / Oliver Grant
- * Engineering & Technical – Mary Fitzgerald @ RDECOM / Bill Mercer
- Logistics Management - Craig Behne @ ASC / Bill Mercer
- Medical - Helen Edwards @ MEDCOM /Oliver Grant
- Electronics & Communications – Ricky Fletcher @ NETCOM / Oliver Grant
- Facility Related – Charlie Garcia @ IMCOM / Oliver Grant
- ** ❖Architect/Engineering – Herbert Eichler @ USACE / Oliver Grant
- * ❖ Education and Training – Penny Walker @ TRADOC / Bill Mercer

* Part of KBS portfolio group
** Part of Facilities portfolio group

Contract Administration & Closeout
Post-Award

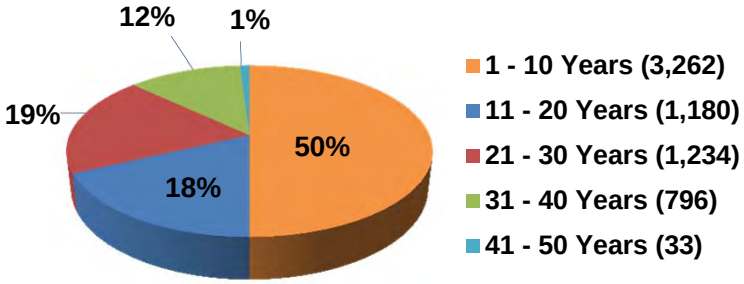


Back Up

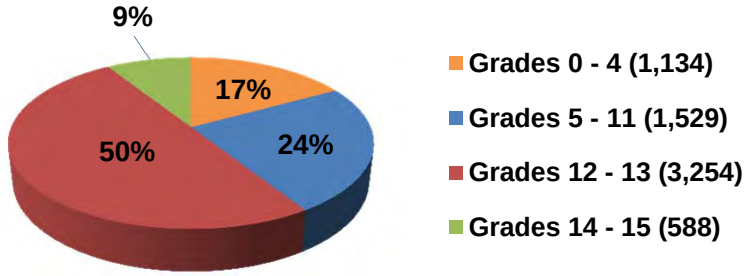
Army Contracting Workforce

Occupational Series 1102 civilians are the core of Army contracting and make up 85% of the Acquisition Career Field "C" Contracting civilian workforce.

Total Army 1102s by Years of Service – FY13 Summary



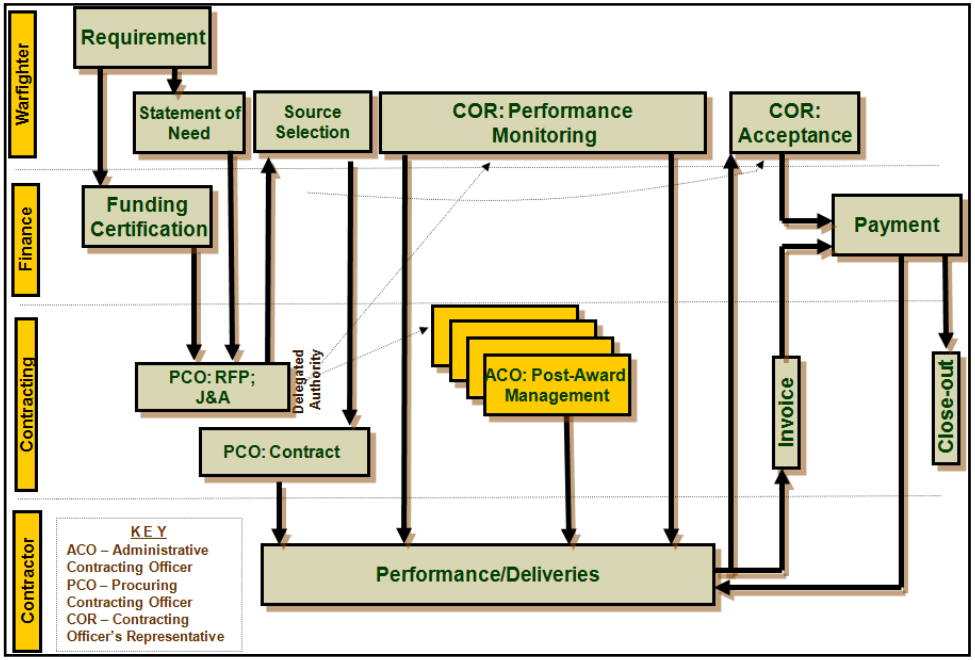
Total Army 1102s by Pay Grades – FY13 Summary



In FY13, 50% of 1102s had 10 years or less of experience, meaning half of the workforce has operated only in an accelerated contracting environment during a time of war.

Source: DCPDS, 30 Sep 13

Contracting Is More Than Writing Contracts



Friction Point 1:

- Unstable Requirements
- Incomplete SOW/ PWS
- Limited Time & Lack Automation

Friction Point 2:

- Appointment and Training of CORs
- Maintaining CORs in Theater
- Effective continual oversight

Initiatives: VCSA COR EXORD: Defined COR Requirements Before, During, and After Deployment (Qty, Training, BHO, etc.); Trained & Developed **3C ASI**

Friction Point 3:

- Invoice Certification
- Property Accountability

Initiative: GFEBS and other business accounting measures

Leadership Involvement Required Throughout the Lifecycle of the Contract

Better Buying Power

Better Buying Power (BBP) delivers warfighting capabilities needed within the constraints of a declining defense budget by achieving "better buying power" for the Warfighter and the taxpayer

- Achieve Affordable Programs
- Eliminate Unproductive Processes and Bureaucracy
- Incentivize Productivity and Innovation in Industry and Government
- Promote Effective Competition
- Improve Tradecraft In Acquisition of Services
- Control Program Costs
- Improve the Professionalism of the Total Acquisition Workforce

BBP 1.0: on June 28, 2010, USD(AT&L) issued "Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending" which outlined the core objectives and direction of BBP to deliver better value to the taxpayer and improve the way the Department does business.

BBP 2.0: marks the next step in the Department of Defense's process of continuous improvement. BBP 2.0 will help improve the Department's effectiveness in the tradecraft of acquisition.

BBP Helps to Identify Efficiencies Across the DoD

A Decade of Change

- Increased FAR and DFARS changes significantly complicated the contracting process with additional changes forthcoming

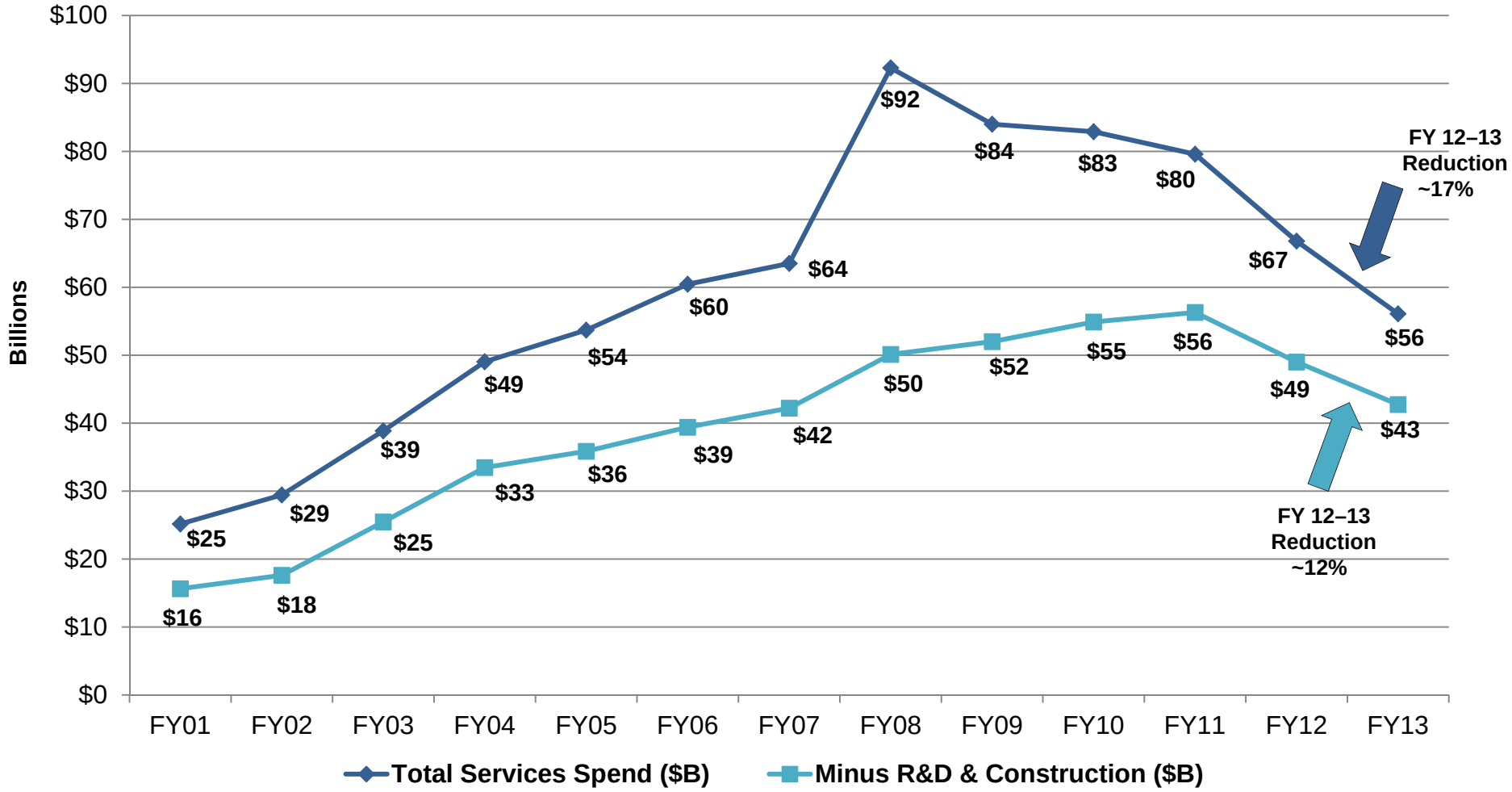
- Congressional and audit agency oversight and interest exploding

- Inexperienced workforce faced complex workload and greater dependence on contractor support

- In FY13, 50.1% of 1102s had 10 years or less of experience, meaning that half of the workforce has operated only in an accelerated contracting environment during a time of war
    - For more than 10 years, the Army focused on *effective* contracting first in order to get the product to the Warfighter; *efficiency* came after

- Historical focus on execution at the expense of adequate oversight - further compounded by fiscal uncertainties

Army Services Spend (FY01-13)



Source: FY01-FY12 FPDS-NG Certified Data
FY13: FPDS-NG data as of 10/07/2013

Services Acquisition

SECARMY GUIDANCE
May 2011

Garner significant savings and greater effectiveness by providing oversight through active management of service requirements and execution

ASA(ALT) GUIDANCE
December 2011

Comply with the management and governance concepts described in the Optimization of Services Acquisition Implementation Plan

Under Secretary of Defense for Acquisition, Technology and Logistics
"Better Buying Power"
Memorandums

1) Target Affordability and Control Cost Growth
2) Incentivize Productivity and Innovation in Industry
3) Promote Real Competition
4) Improve Tradecraft in Services Acquisition
5) Reduce Non-Productive Processes and Bureaucracy

DASA(P) EXPECTED OUTCOME

Gain efficiencies while maintaining Army's effectiveness in the acquisition of services

SERVICES POLICY

- STREAMLINE POLICY & PROCEDURES
  - AFARS Update
  - AR 70-13 Revision
  - ASSP Approvals (Closer to Execution)
  - Maximize use of Incentives & competition to drive productivity & innovation

GOVERNANCE

- VERTICAL & HORIZONTAL INTEGRATION – ACCOUNTABILITY
  - CSE single Command
  - PFM all Commands
  - SSM Army Enterprise
  - HQDA Component Level Leads for Services Portfolios
  - OSD Functional Domain Experts

MANAGEMENT CONTROLS & VISIBILITY

- ARERs
  - Command Level
  - Portfolio Mgr Level
  - Army Level
- ARMY INTERNAL MGT CONTROL PROGRAM
- ACQUISITION STRATEGY APPROVAL HIERARCHY
- VIRTUAL CONTRACTING ENTERPRISE

FORECASTING & REPORTING

- SEMI-ANNUAL REQUIREMENTS FORECASTS
- QUARTERLY COST SAVINGS UPDATES
- PPBBOS BUSINESS SYSTEM REPOSITORY
- STRATEGIC SOURCING INITIATIVES & INNOVATIONS

DIRECT ENABLERS OF SERVICES PORTFOLIO MANAGEMENT

STAKEHOLDER RELATIONS

- COMMUNICATION
  - Transparent
  - Information Sharing
  - Publish Best Practices & Strategic Sourcing Methods
- INDUSTRY
  - Outreach
  - Economic Impacts by Tradecraft
- ARMY/DOD
  - Requiring Activities
  - Contracting Activities
  - COC/GOSC

WORKFORCE

- STAFFING
  - Properly Resourced
  - Capability Level
- TRAINING
  - Qualified
  - DAU SAW, Tools and Templates
- MULTIFUNCTIONAL TEAMING

ENABLES FULL OPTIMIZATION & EXECUTION OF ARMY SERVICES

Services Portfolio Groups

Knowledge Based Services

- * Engineering & Technical Services
- Program Management Services
- Management Support Services
- Administrative & Other Services
- Professional Services
- * Education & Training Services

Equipment Related Services

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

Facility Related Services

- * Architect/Engineering Services
- Operation of Govt Facilities
- Building & Plant Maintenance
- Natural Resource Management
- Utilities
- Housekeeping & Social Services
- Purchases & Leases

Medical Services

- General Medical Services
- Dentistry Services
- Specialty Medical Services

Electronics & Communications Services

- IT Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

Transportation Services

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

Logistics Management Services

- Logistics Support Services
- Logistics Civil Augmentation Program

* Subgroup portfolio managed

Services Strategic Sourcing

Strategic Sourcing: drive change to improve operational efficiencies and socio-economic performance, minimize duplication of efforts, and reduce consumption/volume and cost by acquiring goods and services strategically to maximize value for every acquisition dollar spent to support the Warfighter

Strategic Sourcing IS NOT Just…

- **The resulting contract**
- **Leveraged buying**
- **Contract consolidation**
- **Contracting and procurement**
- **About saving money**

Strategic Sourcing IS…

- **A PROCESS for systematically analyzing and developing optimal strategies for buying goods and services**
- **DATA DRIVEN – fact-based analysis to drive decision making rather than just "hunches"**
- **A HOLISTIC process that addresses customer needs, market conditions, organizational goals and objectives, and other environmental factors**
- **Based on MARKET INTELLIGENCE and takes into account small business capabilities**
- **A COLLABORATIVE, CROSS-FUNCTIONAL approach**
- **About SUPPORTING AN ORGANIZATION'S MISSION through procured goods and services**

Strategic Sourcing Misconceptions

#1) It is Bundling/ Contract Consolidation… NO!	***#2) It Eliminates Small Business… NO!***	***#3) It is A-76 Competitive Sourcing… NO!***
Strategic Sourcing is a process that is followed, not a predetermined, specific outcome to be used in an acquisition/commodity strategy. Is contract consolidation sometimes a result of strategic sourcing? Yes. Is contract consolidation sometimes not an appropriate strategy? Yes. As part of the process of strategic sourcing, and the analysis included in that process, the best strategies are chosen for each specific initiative.	There are legislative statutes and specific Army goals regarding small business. The sourcing team will not ignore these as part of strategic sourcing. During each strategic sourcing initiative, the team looks at the current environment and suppliers, which allows them to understand what is provided by small business today. They also conduct market research which provides answers to questions such as: Are there other small business suppliers? Could this be a small business set aside?	Strategic Sourcing is a process that is unrelated to the public-private sector competition using OMB Circular A-76 and it assumes the decision to source a good/service from outside the government organization has already been made.

Strategic Sourcing Quick Reference

Leverage Army's Resources to Spend Efficiently

Reduction in Cost Per Unit

Pricing Improvements
- Lower unit price
- Volume rebates
- Payment term discounts

Supply Chain Savings
- Cost of capital
- Warehousing costs
- Shipping costs

Reduced Lifecycle Costs
- Maintenance costs
- Operating costs
- Disposition costs

Change in Consumption/ Volume

Demand Management
- Eliminate demand
- Reduce consumption
- Encourage substitution
- Change product mix

Specification Review
- Eliminate "gold-plating"
- Simplify specifications
- Alternative products

Improved Operating Efficiency

Reduced Procurement-Related Operating Expense
- PO Processing
- Accounts Payable
- Receipt/Warehousing
- Standardized procurement process

Reduced Non-Procurement Related Operating Expense
- Other operating efficiencies

Performance Monitoring
- Structured metrics and periodic review of contractor performance

Improved Supply Management

Socio-economic Goals
- Structured analysis of small/disadvantaged business opportunities

Optimized Supplier Relationships
- Improved joint understanding of needs and capabilities
- Increased efficiencies across the entire supply chain

Strategic Sourcing Governance

Deputy Assistant Secretary Army – Procurement
The Senior Service Manager is the
HQDA focal point for Strategic Sourcing

Army Strategic Sourcing Governance Structure

SSEC

- **Executive championship**
- **Set strategic vision, direction, and priorities**
- **Drive commonality & standardization**
- **Eliminate duplication**

SSSG

- **Plan & orchestrates Army-wide communications**
- **Recommend Policies to DASA-P/SECARMY**
- **Assist working groups**
- **Tracks and reports progress to the SSEC**
- **Monitor DoD/Federal initiatives**

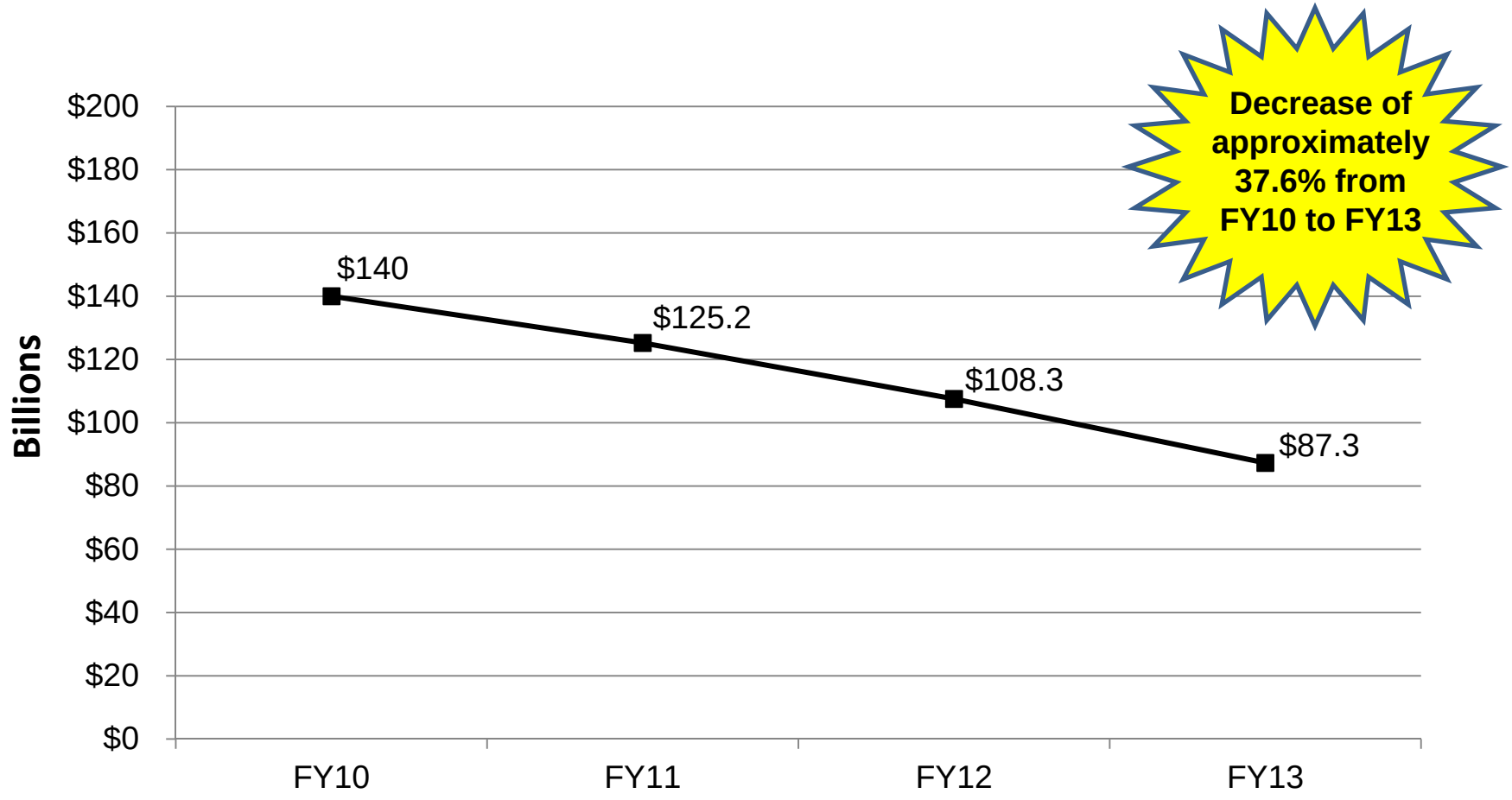
SSWG

- **Establish commodities teams**
- **Functional area prioritization**
- **Developing demand/forecast**
- **Tactical planning, scheduling & resource management**
- **Execute strategic sourcing strategies (Model)**

Strategic Sourcing Governance

Strategic Sourcing Executive Committee (SSEC) **SES/GO level**	**Chair:** DASA(P) **Members:** DASA(P) Deputy (Alternate-Chair) Senior Services Manager HCAs & PARCs / Alternates Small Business Legal Counsel Requiring Activities CIO/G6 / G8 **Advisors:** SMEs (as necessary)	Meets semi-annually (or as needed)
Strategic Sourcing Steering Group (SSSG) **GS15/COL**	**Co-Chairs:** SSM (Strategic Sourcing Directorate) / Requiring Activity **Members:** Small Business Legal Counsel Requiring Activities CIO/G-6 G8 PARCs / Alternate SAAL-PB Director SAAL-PP Director **Advisors:** SMEs (as necessary)	Meets quarterly (or as needed)
Strategic Sourcing Working Groups (SSWG) **Appropriate Levels**	**Chairs:** TBD – Portfolio Managers / Alternates **Members:** TBD – Based on commodity / portfolio **Advisors:** TBD – Based on commodity / portfolio	Meets monthly (or as needed)

FY13 Statistics
Decreasing Obligations



Contract obligations following downward trend

Source: FPDS-NG, 11 MAR 14; ODASA(P)

ARMY CONTRACTING
One Community Serving Our Soldiers, Serving Our Nation
U.S. ARMY